



# Graduate Labour Market Statistics

## January-March Q1 2015

### **Key Findings (for England only):**

- The employment rate for working age graduates of 87.5% is the highest level seen since the 88.3% recorded in Q4 2007.
- The unemployment rate of 3.9% for young graduates is the lowest Q1 rate since 2007.
- The postgraduate earnings premium over graduates has widened over the last year across both young and working age populations.

This is the third release of *Graduate Labour Market Statistics (GLMS)*, a quarterly publication on labour market conditions for English domiciled graduates and postgraduates relative to non-graduates. This report covers January-March (Q1) 2015 using data from the Labour Force Survey. In addition to the regularly published data this release provides further analysis on labour market indicators over time.

In this note, *graduates* refer to people whose highest qualification is an undergraduate degree at Bachelor's level, *postgraduates* hold a higher degree (such as a Master's or PhD) as their highest qualification, and *non-graduates* are those whose highest qualification is below undergraduate level (i.e. NQF Level 5 or below).<sup>1</sup>

It should be noted that quarter-on-quarter (Q/Q) changes can be highly reactive to seasonal variation. Year-on-year (Y/Y) changes provide a clearer indication of overall trends. See Tables 1.1 and 1.2 for current figures, Q/Q and Y/Y changes.

*GLMS* only provides simple outcome measures based on survey data and does not control for the differences in characteristics between graduates and non-graduates. This means that the outcomes reported may not be wholly attributable to the fact that an individual holds a particular qualification, but also other factors, such as their wider skills, experience, natural ability or intelligence.

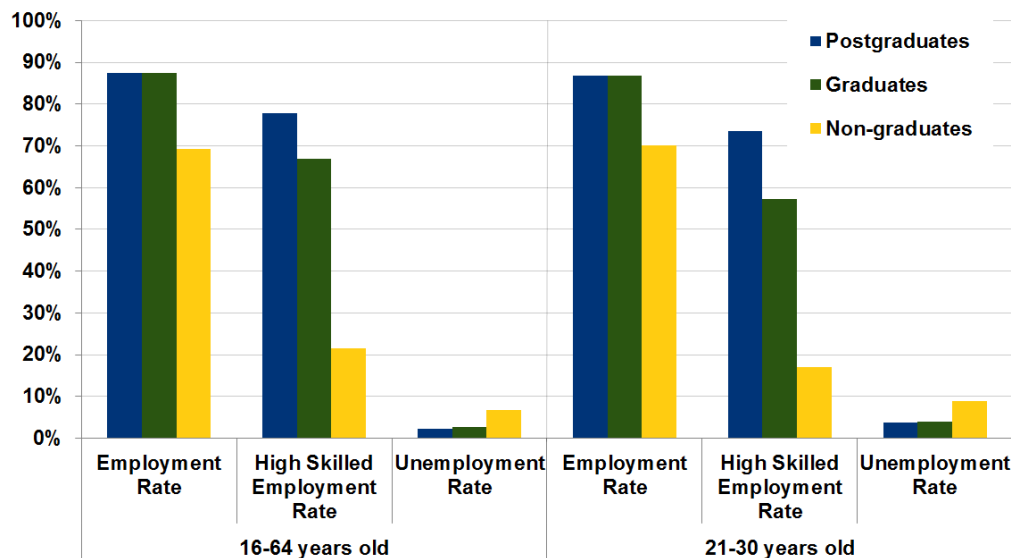
### **1. Economic Activity**

Graduates and postgraduates continue to have higher employment rates and are more likely to work in *high skill* jobs<sup>2</sup> than non-graduates. Employment rates among the working-age population of graduates and postgraduates marginally increased since last quarter with 87.5% of both groups in employment, compared to 69.3% of non-graduates. The employment rate for working age graduates is the highest quarterly rate seen since the 88.3% recorded in Q4 2007.

Young graduates have only slightly lower employment rates than all graduates, although the gap in high skilled employment rates remains around 10 percentage

points<sup>3</sup>. There has been a marked year-on-year fall in unemployment of 1.0 percentage points to 3.9% among young graduates; this is the lowest Q1 unemployment rate for this group since the 3.5% recorded in Q1 2007.

**Figure 1. Economic Activity by Qualification and Age Group, Q1 2015**



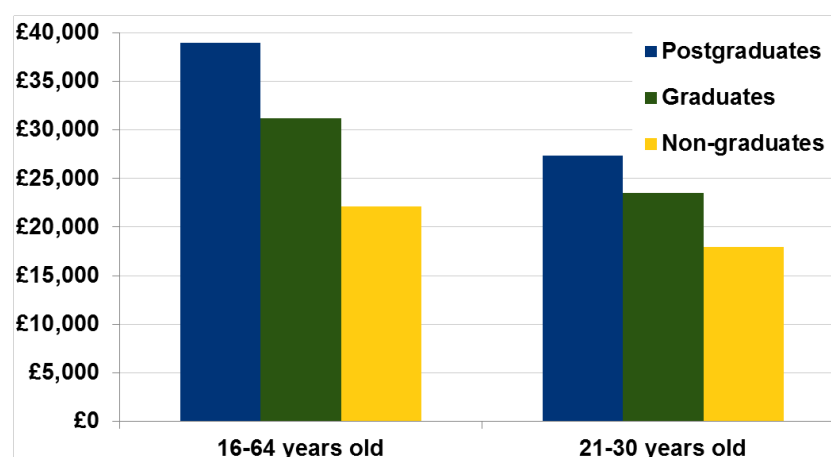
The employment rate includes economically inactive individuals. This includes students, who are less likely to be employed. The young non-graduate population is particularly affected as individuals studying for undergraduate degrees will be classified in this group.

## 2. Annual Earnings

Full-time employed, working-age graduates have seen a small dip of £500 in median salary to £31,000, although they still earn a significant premium over non-graduates. Conversely, postgraduate earnings have risen annually by £1,000 to £39,000.

The young population have experienced similar trends in earnings to the working age population, with the earnings premium between young postgraduates and young graduates widening to £4,000, when in this quarter last year it was only £2,000.

**Figure 2. Median Gross Annual Earnings by Qualification Level and Age, Q1 2015**

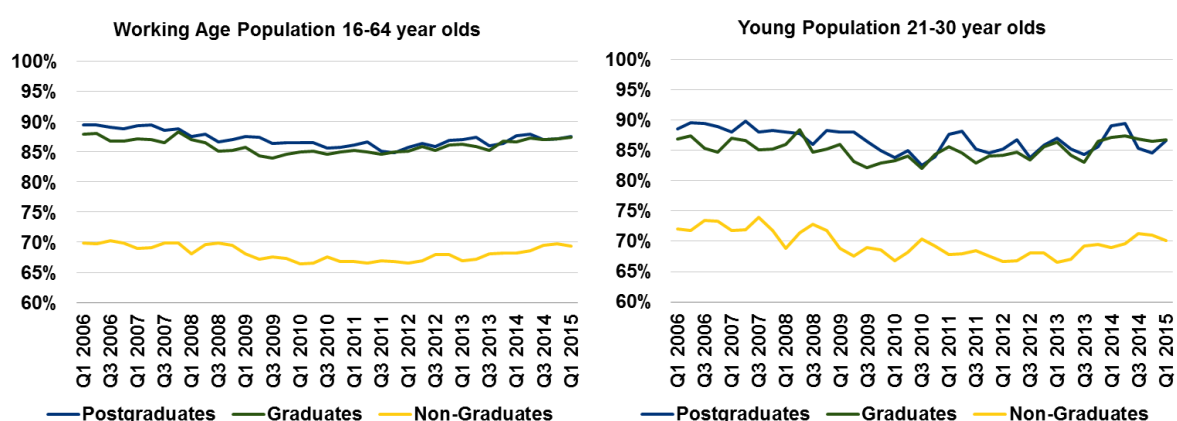


### 3. Historic Trends in Employment Rates and Median Salaries

Analysing historic trends can give a clearer indication of how the graduate labour market has changed over time and the impact of the most recent recession. Among the working age population graduate and non-graduate employment rates have almost recovered to pre-recession levels. Postgraduate employment rates, though improving, have recovered to a lesser degree, eliminating the employment gap between graduates and postgraduates at least for the time being.

The young population has seen much greater fluctuation in employment rates, probably partially as quarterly data for this group is based on a smaller sample. Young individuals are less likely to have established long term careers which may make employment rates more liable to labour market shocks or seasonal variations.

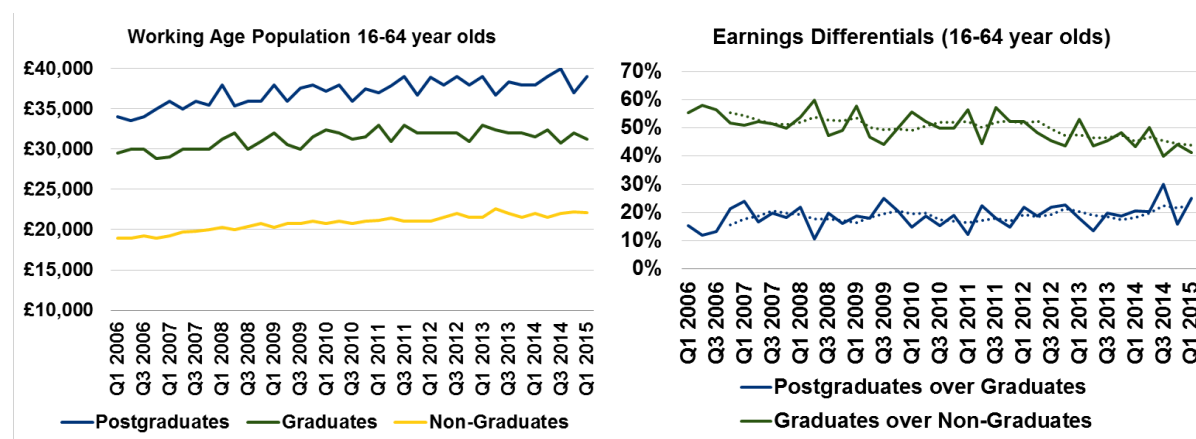
**Figure 3. Employment Rates by Qualification and Age Group, Q1 2006 - Q1 2015**



Overall, graduates benefit from a significant earnings premium over non-graduates, although recently the earnings<sup>4</sup> gap between non-graduate and graduates in the working age population has narrowed. Graduate earnings have decreased from around 55% to 45% higher than non-graduate earnings between 2006 and 2015.

The postgraduate earnings premium over graduates has been largely stable at around 20% of graduate earnings over the same time period, although this has recently increased in this quarter's data.

**Figure 4. Median Salaries and Earnings Differentials (16-64), Q1 2006 - Q1 2015<sup>5</sup>**



**Graduate Labour Market Statistics Q1 2015: Data Tables**

**Table 1.1**

<b>Young People (21-30)</b>	<b>Employment Rate</b>	<b>Q/Q</b>	<b>Y/Y</b>	<b>High Skilled Employment Rate</b>	<b>Q/Q</b>	<b>Y/Y</b>	<b>Unemployment Rate</b>	<b>Q/Q</b>	<b>Y/Y</b>	<b>Median Salary</b>	<b>Y/Y</b>
<i>Postgraduates</i>	86.7%	+ 2.1 ppts	-2.4 ppts	73.6%	+ 3.3 ppts	- 1.5 ppts	3.8%*	No change	+ 0.3 ppts	£27,500	+ £1,500
<i>Graduates</i>	86.8%	+ 0.3 ppts	- 0.4 ppts	57.3%	- 0.6 ppts	+ 0.1 ppts	3.9%	- 1.9 ppts	- 1.0 ppts	£23,500	- £500
<i>Non-graduates (L5-)</i>	70.1%	- 1.0 ppts	+ 1.1 ppts	17.1%	- 0.1 ppts	+ 0.7 ppts	9.0%*	No change	- 2.4 ppts	£18,000	No change

**Table 1.2**

<b>Working Age People (16-64)</b>	<b>Employment Rate</b>	<b>Q/Q</b>	<b>Y/Y</b>	<b>High Skilled Employment Rate</b>	<b>Q/Q</b>	<b>Y/Y</b>	<b>Unemployment Rate</b>	<b>Q/Q</b>	<b>Y/Y</b>	<b>Median Salary</b>	<b>Y/Y</b>
<i>Postgraduates</i>	87.5%	+ 0.4 ppts	- 0.2 ppts	77.7%	+ 0.4 ppts	- 0.6 ppts	2.2%*	No change	- 0.1 ppts	£39,000	+ £1,000
<i>Graduates</i>	87.5%	+ 0.3 ppts	+ 0.8 ppts	66.9%	- 0.6 ppts	- 0.3 ppts	2.7%	- 0.6 ppts	- 0.6 ppts	£31,000	- £500
<i>Non-graduates (L5-)</i>	69.3%	- 0.5 ppts	+ 1.1 ppts	21.5%	+ 0.1 ppts	- 0.1 ppts	6.6%*	No change	- 1.7 ppts	£22,000	No change

Note: **Employment Rates** and **High Skilled Employment Rates** use the Total Specified Population (i.e. all graduates aged 16-64) as their base for calculating percentages. The Total Specified Population **includes** those who are employed, unemployed and the economically inactive. This differs from the **Unemployment Rate** that uses only the economically active (employed or unemployed) as the base to calculate percentages, so it **excludes** the economically inactive. These definitions follows those set out by the Office for National Statistics.

\*Also, please note that the unemployment rates for postgraduates and non-graduates have been revised following discovery of a minor error in the production process.

**The next release of *Graduate Labour Market Statistics* will be on 8<sup>th</sup> September, 2015.**

<sup>1</sup> For a more detailed explanation of the qualifications included in each definition, please see the Methodology Note published on the gov.uk website.

<sup>2</sup> High skills jobs are defined as Standard Occupation Classification (SOC) codes 1-3, also sometimes referred to as a 'graduate job'. SOC 1-3 includes managers, directors, professional occupations and associate professional and technical occupations.

<sup>3</sup> The term percentage point refers to an absolute value rather than a proportion. E.g. Growth in graduate employment from 70% to 71% would be a one percentage point increase.

<sup>4</sup> Earnings data is given in nominal terms, so has not been adjusted for inflation over time.

<sup>5</sup> The dotted lines in the 'Earnings Differentials (16-64 year olds)' graph represent a 4 quarter moving average that aims to smooth out quarterly fluctuations.